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RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 0379
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SUBJECT: AMBASSADOR STRESSES AID, INVESTMENT IN PAPUA

REF: 06 JAKARTA 11662 (NEW PAPUAN GOVERNOR)

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1. (U) Introduction and Summary. On a January 21 - 24 visit to Papua Province, Ambassador B. Lynn Pascoe stressed the importance to Papua's development of both foreign aid and foreign investment. He said that the U.S. was examining ways to increase assistance to Papua, especially in the form of public-private partnerships. He also reiterated our longstanding position that the U.S. recognizes that Papua is part of the Republic of Indonesia, and does not support separatism in Papua or elsewhere in the country. Accompanied by the USAID Mission Director and Economic Counselor, the Ambassador toured the Freeport gold and copper mine and visited community development projects that the company has undertaken. USAID is exploring the potential for a public-private partnership with Freeport in education and capacity-building for local government in the Timika area. In the provincial capital Jayapura, Ambassador held a town meeting with U.S. citizens, met with Vice Governor Alex Hesegeg, visited a Community Health Center where USAID is supporting Papua's struggle against HIV/AIDS, met with the leaders of the Papuan People's Assembly, and held a dinner with religious and civil society leaders. The visit received heavy and favorable coverage in both the local and national media. End summary.

Freeport Seeks USAID Support On Community Development

2. (SBU) The Ambassador, USAID Director and Economic Counselor visited the Freeport MacMoran mining operation in the Timika/Puncak Jaya areas of Papua on January 21 - 22. After a helicopter tour of the Grasberg gold and copper mine, which is at an elevation of 13,000 feet, the party returned to Freeport's base and processing operations in the lowlands near Timika.

3. (SBU) Freeport officials briefed the party on the company's community development efforts. Freeport contributes USD 25 million annually for direct programs in local business development, public health, human capital development and infrastructure. In addition, one percent of Freeport's annual revenue goes into the Freeport Partnership Fund, managed by local partner organization LPMK, for health, education, and economic development projects. The Ambassador visited a hospital and a vocational training center that receive funding through this mechanism.

14. (SBU) Freeport has approached USAID with a proposal to form, together with the government of Mimika Regency and LPMK, a partnership to build capacity of local government to provide services. The Center for Local Government Innovation, a USAID-funded partner, has already determined that the Mimika regency government's ability to provide basic services is seriously deficient in almost all areas, particularly education.

AmCits Welcome Ambassador at Town Hall

15. (SBU) On January 23, the Ambassador's party continued to Jayapura, the provincial capital. The Ambassador met with a group of about 150 American citizens at the Hillcrest International School, which supports mainly missionary families, many affiliated with Mission Aviation Fellowship. Following a presentation on U.S. relations with Indonesia and policies towards Papua, he discussed terrorism in Indonesia, development assistance to Papua, and the Timika case, among other topics. Some parents expressed their concern about an intermittently-used TNI firing range near the school.

Vice Governor Emphasizes Shared Priorities

16. (SBU) In the absence of Governor Suebu, Vice Governor Alex Hesegem outlined to the Ambassador the challenges to development in Papua. The province's overall backwardness and poverty was compounded by the dispersal of the population over a large area, with many people still living in remote villages. Nevertheless, Hesegem said, his administration was making a concerted effort to improve infrastructure, health care, and basic education. The Vice Governor also outlined plans for administrative reform. Papua's budget needed to be spent in a more transparent and effective manner so that it

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would have a more appreciable impact on people's lives, Hesegem said. Hesegem specified development of eco-tourism and forestry enforcement as two areas in which he would welcome U.S. assistance and training for Papuans.

17. (SBU) The Ambassador, recalling his meeting in September with Governor Suebu (reftel), commended these priorities, noting that they tracked well with our overall aid strategy in Indonesia. USAID personnel were sent to participate in Governor Suebu's international donors' conference last September. The Ambassador outlined our major assistance programs in the areas of health, education, and local governance and said that we hoped to expand these into Papua. Our overall approach, he said, was to help the Papuans help themselves. We did not seek to impose our priorities on Papua, but rather to assist the provincial government in implementing the agenda it had already identified. A USAID team will return to the area in 6 - 8 weeks to conduct an assessment of the potential for forming a public-private partnership with Freeport in the areas of education and local government.

18. (SBU) The USAID Mission Director agreed that we shared many priorities and noted that USAID was seeking to expand its work on HIV/AIDS, malaria, and tuberculosis. We were also active in expanding local governance capacity and education programs in Papua. The Ambassador added that we were looking at ways we could work with major foreign investors in Papua, including BP and Freeport, in implementing these programs.

MRP Says Special Autonomy A Work In Progress

19. (SBU) The Ambassador also met with the leaders of the Papuan People's Assembly (Majelis Rakyat Papua, MRP), a body created by the 2001 Special Autonomy Law and charged with protecting the rights of indigenous Papuans. Chairman Agus

Alue complained that the central government had been inconsistent in its implementation of Special Autonomy for Papua, pointing out that although the national legislation had been passed five years ago, the provincial MRP had only been set up last year. Alue explained that most of the regulations required to ensure effective and transparent implementation of Special Autonomy had never been formulated.

The MRP, he said, was now working with the Papuan Provincial Parliament on drafting these regulations together with a time frame for their implementation. One aim of these regulations, he said, would be to "control the flow of capital and people into Papua," reflecting the MRP's concerns about the influx of non-Papuans in the province. He urged the U.S. to press Jakarta to make a good-faith effort to implement Special Autonomy in full. MRP Vice Chairman Hanna Hikoyabi argued that although Jakarta did not want the issue of Papua to become "internationalized," the international community has played a determining role in Papua's destiny ever since the U.S. had mediated the New York Agreement between Indonesia and the Netherlands in 1962 and the U.N.'s subsequent recognition of the Act of Free Choice. She said that Papuans were tired of being the objects of outside parties' maneuverings and that they now feared extinction as non-indigenous people "flooded into the province."

¶10. (SBU) The Ambassador assured the MRP that Washington was interested in Papuans' welfare and concerns, and outlined USAID's programs. Responding to criticism from some MRP members about Freeport, Ambassador said that the company employs and trains thousands of Papuans, and that rather than attack the company, Papuans should seek ways to engage the company as a partner in development. Examples abound proving that foreign investment was a key component of growth and development, and Papuans should welcome it.

Community Health Center: Partnership Against HIV

¶11. (SBU) The Ambassador, accompanied by Vice Governor Hesegeg, visited the North Jayapura Community Health Center (PusKesMas), which is one of six clinics participating in a USAID-supported pilot program incorporating HIV/AIDS testing, treatment, and education into existing community health care programs. USAID, working through Family Health International (FHI), is providing USD 9.5 million in technical and financial support for FY 07, of which USD 3.7 million is

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dedicated to programs in Papua.

¶12. (SBU) After a tour of the clinic, the Ambassador received briefings from FHI staff on the scope of the HIV/AIDS epidemic in Papua and ongoing efforts to combat it. FHI staff explained that although there have been about 2,700 documented cases of HIV infection in Papua over the past 14 years, the Provincial AIDS Commission estimates that actual number is currently about 11,000. The problem is much more severe in Papua than elsewhere in Indonesia. The infection rate per 100,000 is dramatically higher in Papua than nationally (51.42 versus 3.61). In Papua, the challenge of fighting HIV/AIDS is compounded by lack of skilled human resources, dispersed and isolated settlements, poor infrastructure, and low levels of health and education generally.

¶13. (SBU) To address the problem, Papua's provincial authorities, working closely with international experts and donors including USAID, are incorporating HIV/AIDS testing and counseling into the existing network of community health care centers such as the one we visited in North Jayapura. The newly elected Governor has strongly supported this initiative, according to FHI and clinic staff. The Ambassador also saw ample evidence of a public education campaign, supported by international partners who are working with churches and adat (tribal) organizations, to help accurate information reach all levels of society. In

comments to the press, Ambassador Pascoe emphasized his strong commitment to enhancing U.S. support for these health programs.

Major Press Coverage

¶14. (U) The visit -- the first by an American Ambassador in five years -- received ample coverage in both local and national media. It was front page news in the Papuan press, and the story was also picked up by major national outlets such as Media Indonesia and the Antara news. Coverage focused on U.S. assistance to Papua, particularly with regard to HIV/AIDS and education. The media also reported the Ambassador's restatement of our recognition of Papua's incorporation into Indonesia and our hope that the central government would improve its implementation of the Special Autonomy Law. The key theme for the visit was U.S. support for the welfare of the Papuan people, including by pushing Jakarta to do more.

PASCOE